LOCAL GOVERNMENT TAX CONTROL BOARD

RECOMMENDATIONS

TO THE

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

FROM

APRIL 27, 2006

Call to Order

Dave Christian called the April 27th 2006 Local Government Tax Control Board meeting to order at 9:00 am. Board members present were Dave Christian, Dan Jones, Pat McGarvey (substituting for Stan Mettler), Lisa Decker, Ken Kobe, and John Stafford. Judy Robertson was the administrative officer for the meeting.

Discussion
Judy discussed the outstanding requests that were still under review. She also asked for comments on what time during the next meeting that the board member would like to hear about new legislation – before debt requests were heard or after. The consensus was to hear about new legislation after all debt issues were heard.

Recommendation
John motioned to recommend approval of the minutes from the March 23rd 2006 local government tax control board meeting based on a correction on page thirteen was made. Dan seconded and the motion carried 4-0-2 abstentions.

Brown Township, Morgan County
Fire Equipment & Building Loan

Summary: The unit is requesting a fire loan in the amount of $110,000 for a term of three (3) years for the purpose of purchasing a 2006 ambulance, fully equipped.

Project Costs: $110,000 Amount applied to debt: $110,000 Annual Payment: $40,792

Controlled or Uncontrolled: Controlled

Revenue Source for Property Tax Backup: N/A

Tax Rate Impact:	2006 AV est.	$136,795,127
	Levy Needed	$35,000
	Est. Tax Rate	.0256

Meeting and Publication Dates:

Date of publication for a public hearing	01/28/2006
Date of public hearing	02/07/2006
Resolution/Ordinance adopted	02/07/2006
Notice of Determination	03/11/2006

Auditor’s Certificate of No Remonstrance: 04/12/2006

Common Construction Wage: N/A

Fire Marshall’s Approval: Reasonable

Missing Information: None

Attendance: The following people attended the meeting: Al Hornaday (Trustee), Steve Buschmann (Attorney), and Jeff Peters (Accountant).

Discussion:
Jeff: Brown Township encompasses the town of Mooresville. We are asking for approval of $110,000 for a term of three years in order to purchase an ambulance. We used to ask for a term of five years, but with the miles that an ambulance puts on each year, it is more prudent to replace them every three years instead of five.

Questions by board members:
Dave: Was this fully approved by your board?
Al: Yes.

Dave: You are showing an interest rate of five and a quarter, do you think that is realistic?
Jeff: As you know, the banks will not commit to an interest rate until a few days before we close on the loan. Right now, interest rates are a little under five percent.

Ken: How much of this is for the ambulance and how much is for equipment?
Al: The bids are coming in at about $95,000 for the ambulance. The cots costs $3,500 and the rest is for various other pieces of equipment.
Jeff: This does not include the fees and interest; this is the amount for the ambulance itself.

Dan: Are you going to continue the previous debt rate?
Jeff: No, both current debt services will end in 2006; both will be paid off and a new debt service rate will begin in 2007.

John: Now, I'm confused. You have half a cent debt rate versus two cents? Why is the rate so much lower than the current rate?
Jeff: This ambulance included the assessed value of the town also since the ambulance will service the town residents, so there is more assessed value to spread the costs of the ambulance over.

Dave: This ambulance will replace a current one?
Al: Yes, it will replace a 1998 model with over 120,000 miles.

Dave: What will happen to the old ambulance?
Al: It will be traded in.

Dave: Do you have an equipment list that shows the cost of the ambulance and the equipment separately?
Al: I do not have that with me, but I can get it and mail it in.

Dan: Is your goal to keep the tax rate flat?
Al: Yes, definitely; it is a constant struggle to keep things in line.

Dave: Do you hire out for fire service?
Al: No, I have my own. We have three ambulances that make about 2,000 runs per year.

Pat: Do you retain the asset on your property books?

Al: Yes; the State Board of Accounts would not like it if I did not.

Recommendation: Lisa motioned to recommend approval of a fire equipment loan in the amount of $110,000 for a term of three (3) years. Ken seconded and the motion carried 6-0.

Jackson Township, Morgan County
Fire Equipment & Building Loan

Summary: The unit is requesting a fire loan in the amount of $350,000 for a term of six (6) years for the purpose of constructing a 3200 sq. ft. fire station and purchasing a generator.

Project Costs: $350,000 Amount applied to debt: $350,000 Annual Payment: $70,058

Controlled or Uncontrolled: Controlled

Revenue Source for Property Tax Backup:

Tax Rate Impact:	2006 AV est.	$160,000,000
	Levy Needed	$65,758
	Est. Tax Rate	.0411

Meeting and Publication Dates:

Date of publication for a public hearing	04/30/2005
Date of public hearing	05/11/2005
Resolution/Ordinance adopted	05/11/2005
Notice of Determination	05/18/2005

Auditor's Certificate of No Remonstrance: 06/20/2005

Common Construction Wage: 03/23/2006 Vote: 03-0-1 Abstained

Fire Marshall's Approval: N/A

Missing Information: None

Attendance: Dan Broyer (Trustee) and Marti Broyer (Deputy Trustee).

Discussion:
We have had land donated to us by a developer to build a new station. We presently contract with a fire department in Morgantown. They have their own station, but it is about eight miles from us. Right now, our volunteers have to go the eight miles there and come back to the response location – a round trip of at least sixteen miles, which is too long for a response time. A developer has donated four prime lots across the street from this new development, valued at about $150,000, for us to build a fire station and have fire protection service nearby.

Questions from board members:
Dave: Do you currently have the $12,000 in the cumulative building fund?

Dan Broyer: The cum fund will be depleted after we make our final debt payment in June of this year. There will be enough in the fund by June to make the final truck payment and then we will have a zero balance in the fund.

Dave: You are building this station and also purchasing a generator for $20,000?
Dan Broyer: We are not going to buy a generator at this time.

John: Would you object then if we reduced the amount by $20,000?
Dan Broyer: I would prefer that you didn't because the bids are coming in higher than we estimated by about $12,000.

Ken: What is the nature of the building – what kind and type of materials?
Dan Broyer: It is a post beam structure that will house three trucks. It is a little more than a pole barn; it will have 24' footers tied together with rebar.

Dave: What are your payments for the truck?
Dan Broyer: A little over $12,000 every six months – closer to $26,000 per year, but that debt will end in June.

Dave: $245,000 for this type of structure at $109 per square foot seems too high to me.
Dan Broyer: That figure includes site work, and we are building it better than a pole barn.

Dave: What have the bids come in at?
Dan Broyer: The lowest has been $312,000; one came in at $317,000 and another one at $400,000.

Dave: How big is the site?
Dan Broyer: Four prime lots.

Recommendation: Lisa motioned to recommend approval of a fire building loan in the amount of $350,000 for a term of six (6) years. John seconded and the motion carried 5-1 with Dave opposed. Dave opposed because of the cost of the fire station for the type of building being constructed and because the trustee removed the cost of a generator from the project but did not reduce the amount requested.

Fall Creek Township, Madison County
Fire Equipment & Building Loan

Summary: The unit is requesting a fire loan in the amount of $200,000 for a term of six (6) years for the purpose of purchasing a new fire truck jointly with the Town of Pendleton.

Project Costs: $434,931 Amount applied to debt: $200,000 Annual Payment: $40,000

Controlled or Uncontrolled: Controlled

Revenue Source for Property Tax Backup: N/A

Tax Rate Impact: 2006 AV est. $268,581,865

Levy Needed	$34,483
Est. Tax Rate	.0128

Meeting and Publication Dates:

Date of publication for a public hearing	01/01/2006
Date of public hearing	01/17/2006
Resolution/Ordinance adopted	01/17/2006
Notice of Determination	01/25/2006

Auditor's Certificate of No Remonstrance: 02/27/2006

Common Construction Wage: N/A

Fire Marshall's Approval:

Missing Information: None

Attendance: Michael Hart (Trustee), Dwain Laird (Consultant), Donald E. Henderson (President of the Pendleton Town Council), and Danny L. Gardner (Fire Chief).

Discussion:
Mike: We have some money that we have held over from a previous bond issue to build a fire station that we can use toward the purchase of this fire truck. We need to purchase an automatic for our volunteers – these younger guys do not know how to drive a stick. We looked at a squirter truck, but we do not need one that big. We do, however, need to keep up to date with our pumper apparatus.

Don: We have a wonderful working relationship with the fire department, and have for over fifty years now. About five years ago, we issued $3.4 million in general obligation bonds in order to construct a fire station together. When we come to you, it has been done with careful consideration. At this time, we need to provide four our firefighters and their safety. We have the community's full support.

Dwain: They do have a good working relationship. It is a good outfit and is one of the most outstanding in the State.

Fire Chief: We do not need an aerial at this time. We do need a little bigger pumper/rescue truck than we have right now in order to better respond to accidents on the interstate.

Questions from board members:
Dave: Is this to replace a truck?
FC (Fire Chief): Yes, a 1981 pumper that is leaking and starting to have a lot of problems.

Dave: Do you need to purchase equipment also?
FC: No, we are going to utilize the current equipment we have; it is in good shape, so we will move it to the new truck.

Ken: Do you cover the correctional facility?

FC: Yes, we cover all three facilities. There are not a lot of fires there, but a lot of EMS calls. We go out there two or three times a week. We receive no reimbursement from the state for our runs.

Dan: On page two of the hearing information sheet you have an estimated rate of one point twenty-eight cents, but on page three you show a debt service rate of six point two seven plus a cum fund rate; are you paying this out of your cum fund or a debt service fund?
Mike: We need a debt service fund because the cum fund is to cover other commitments.

John: You have $87,000 left over from a previous bond issue – is that in hand?
Don: The town has it in a special holding fund. There was enough left over from the bond issue that we purchased a grass truck and a lot across the street from the station to use for additional parking.
Mike: That money will also be used to purchase equipment. Once the truck and equipment is purchased, there will be zero funds left from the bond issue.

Ken: The hearing information sheet says that the town is going to contribute $147,000 but they are only borrowing $130,000 – where is the other $17,000 coming from?
Don: From the towns' general fund.

Ken: Are you financing this purchase together or separately?
FC: Separately; both names will be on the title. The state will benefit from this also because of the service we provide to the correctional facilities.

Dan: Dwain, you said this is to be paid out the debt service fund, which currently has a rate of .0167. Can you project what the impact will be over the next few years?
Dwain: The impact will be an additional one point two eight cents.

Dan: Are you a COIT county?
Dwain: Yes.

Dan: What is the trend of COIT revenue?
Dwain: It is up and down; we are currently receiving one percent. We used to fund the fire fund with 100% COIT revenue.
Mike: We pay the town $78,000 semi-annually for fire protection service and for EMS.

Dan: I am asking this because when the taxpayers call and ask why their taxes have gone up.
Dwain: The rate will increase by one point two eight for the debt fund, but that is not accounting for an increase in assessed value.
FC: We are in the process of annexing in the western part of the township. We are also servicing area's that have not been paying their proportionate part. The township and the City's rates will decrease from this successful annexation.

Recommendation: Lisa motioned to recommend approval of a fire equipment loan in the amount of $200,000 for a term of six (6) years. John seconded and the motion carried 6-0.

The City of Pendleton, Madison County
Public Works Project

Summary: The unit is requesting a fire loan in the amount of $130,000 for a term of six (6) years for the purpose of purchasing a new fire truck jointly with Fall Creek Township.

Project Costs: $434,931 Amount applied to debt: $130,000 Annual Payment: $25,000

Controlled or Uncontrolled: Uncontrolled

Revenue Source for Property Tax Backup: N/A

Tax Rate Impact:	2006 AV est.	$136,500,000
	Levy Needed	$23,900
	Est. Tax Rate	.0175

Meeting and Publication Dates:

Date of publication for a public hearing	N/A	11/11/2005
Date of public hearing	N/A	11/21/2005
Resolution/Ordinance adopted		11/21/2005
Notice of Determination	N/A	

Auditor's Certificate of No Remonstrance: N/A 03/16/2006

Common Construction Wage: N/A

Fire Marshall's Approval:

Missing Information: None

Attendance: Donald E. Henderson (President of the Town Council), Danny L. Gardner (Fire Chief), Dwain Laird (Consultant), and Michael Hart (Fall Creek Township Trustee).

Discussion:
See above discussion with Fall Creek Township.

Recommendation: Lisa motioned to recommend approval of a public works project loan in the amount of $130,000 for a term of six (6) years. John seconded and the motion carried 6-0.

Johnson County Unit, Johnson County
General Obligation Bonds

Summary: The unit is requesting approval to issue bonds in the amount of $3,000,000 for a term of four and a half (4 ½) years to provide the funding necessary to purchase County capital equipment.

Project Costs: $3,500,000 Amount applied to debt: $3,000,000 Annual Payment: $885,700

Controlled or Uncontrolled: Controlled

Revenue Source for Property Tax Backup: N/A

Tax Rate Impact:	2006 AV est.	$6,228,433,340
	Levy Needed	$838,415
	Est. Tax Rate	.0135

Meeting and Publication Dates:

Date of publication for a public hearing	11/23/2005	
Date of public hearing	12/05/2005	
Resolution/Ordinance adopted	12/05/2005 Resolution	03/13/2006 Ordinance
Notice of Determination	12/14/2005	

Auditor's Certificate of No Remonstrance: 01/18/2006

Common Construction Wage: N/A – no construction involved

Fire Marshall's Approval: N/A

Missing Information:

Attendance: Bob Swintz (Financial Advisor), R.J. McConnell (President of the County Board of Commissioners), and Kirk E. Grable (Attorney with Barnes & Thornburg).

Discussion:
R.J.: We are struggling, like all counties, to meet our operating expenses and to maintain capital equipment. Capital equipment has been removed from the budget for a couple of years now – this includes computers, copiers and the like. We have managed to cope by letting things go and paying higher maintenance costs. The flooding is exceeding our capabilities to bail the water out. In January, we met with our department heads and told them to write down the equipment needs – not a wish list – but what they actually needed. We took that list and pared it down to a manageable list. We have chosen a four and a half term to match the expected life of the equipment we would like to purchase. We are very mindful of the tax rate. The equipment and costs we have chosen will have the most minimal impact than we can afford to have. The Council is continuously looking over our shoulder, as they should be, to consider our equipment list and to approve that list.

The public support has been minimal, but supportive. There has been mostly silence. The one's who have asked questions seemed to be satisfied with what we are requesting.

Questions from board members:
Dave: You have put together a Christmas list?
R.J.: A Christmas list that has been pared down.

Dave: How many cars are you purchasing for $900,000?

R.J.: We usually take cars out of the cumulative capital development fund. This is the number of cars needed over a three-year period. I do not know how many, it is for fleet program from the Sheriff's office.

Ken: What is your cash balance in the cum cap fund?
R.J.: With the commitments we have now, it will be brought down to about $1 ½ million to $2 million. That is after we use this $500,000.

Ken: Is there any reason why you didn't dip into it more?
R.J.: It is the only cushion we have – we do not want to completely deplete it. We hold that in reserve for things beyond our control – like tornado or hail damage.

Dan: In looking at page seven of the hearing information sheet; Bob, the fund balances are different from your projections.
Bob: The cum fund line item includes all cum funds, including non-free funds like the cum bridge that can only be spent on bridge maintenance and repair, plus funds that are committed to other projects.

John: Is the reason you are coming here now is to keep a flat impact on the tax rate? I notice that the current debt will be retired next year.
Bob: That is some of the reasoning.
R.J.: There would be a decrease in the tax rate except for the rollout from the inventory deduction that will need to be absorbed this year.

John: What are some of the other projects you have planned?
R.J. The only other project on the board right now is the animal shelter. We are also almost at capacity in the jail, which was built just five years ago.

Ken: What is the administration fee for?
R.J.: For the cost of issuing the bonds.

Ken: What is this line item for a telecommunication system?
R.J.: We have an antiquated telephone system. We cannot offer e-mail service to some parts of the County because the system is not wired for it. We have gone to our IT department to upgrade the system so that everyone can be connected in the County. It will cut our phone bills because we are going to own our own service. We will also be installing video feeds to the courts. The end result will be increased efficiency and will save the County money. This will be a County-wide project.

Dan: What is your bond rating?
Bob: They do not have one yet. They will be going through a local bank, so a rating is really not necessary.
R.J.: We are very frugal on our borrowing.

Recommendation: John motioned to recommend approval of the issuance of general obligation bonds in the amount of $3,000,000 for a term of four and a half (4 ½) years. Lisa seconded and the motion carried 5-0-1, with Ken abstaining.

Hanna Township, LaPorte County
Fire Equipment & Building Loan

Summary: The unit is requesting approval to obtain a loan in the amount of $110,000 for a term of six (6) years to provide the funding necessary to purchase a new "brush truck" for the fire station.

Project Costs: $110,000 Amount applied to debt: $110,000 Annual Payment: $21,500

Controlled or Uncontrolled: Controlled

Revenue Source for Property Tax Backup: N/A

Tax Rate Impact:	2006 AV est.	$40,000,000
	Levy Needed	$18,700
	Est. Tax Rate	.0475

Meeting and Publication Dates:

Date of publication for a public hearing	02/02/2006
Date of public hearing	02/18/2006
Resolution/Ordinance adopted	02/18/2006
Notice of Determination	02/23/2006

Auditor's Certificate of No Remonstrance: 03/28/2006

Common Construction Wage: N/A

Fire Marshall's Approval: N/A

Missing Information: None

Attendance: David McCain (Attorney), Glenn Wallace (Trustee), and Tony Wallace (Fire Chief).

Discussion:
David: We need to replace a 1945 refurbished jeep. We frequently have fires in the corn fields and grass fires. What we would like to do is to buy a package that sits in the back of a pick-up truck. The current vehicle is a WWII refurbished jeep and it is hard to find parts. Since the request is under $150,000, we could qualify for a Fire Marshall's loan. The interest rate is anticipated to be less than what we estimated if we closed today. The rate will be competitive.

Questions from board members:
Dave: Was there any public comments?
David: I am not aware of any adverse comments. We have spent probably less than any other fire department. The equipment is adequate, but there is no surplus.

Dave: Is the area you cover mostly rural?

David: It is all rural except for the unincorporated town of Hanna. We also cover Prairie Township that is all rural also. There is also a game reserve in Prairie Township.

Dave: Did your advisory board approve?
David: Yes.

Dave: Judy, was the fire marshal's response reasonable?
Judy: Yes.

Ken: The cost of the new pick-up plus equipment is $110,000?
Fire Chief: There is a little bit of cushion to cover any increase in the bids we receive. We will only borrow what is needed.

John: You already have a five cent debt service fund and this request estimates a five cent tax rate – how many years will you have, essentially, a double payment?
David: Should be for only one year that we have a ten cent debt service rate.
Fire Chief: There is only one place, and that is in Iowa, where we can get the parts for the jeep.

Dan: What is your total tax rate, including schools and all other units?
David: I don't know that – I could tell you Hanna's.

Dan: What is Hanna's?
David: The total tax rate is .2025.

Recommendation: Ken motioned to recommend approval of a fire equipment loan in the amount of $110,000 for a term of six (6) years. John seconded and the motion carried 6-0.

Indianapolis-Marion County Public Library
General Obligation Bonds

Summary: The unit is requesting approval to issue bonds in the amount of $45,000,000 for a term of twenty (20) years to provide the funding necessary to pay for the garage repair design and engineering costs, the actual garage repair costs, and the additional costs to contractors as a result of the project delay.

Project Costs: $45,000,000 Amount applied to debt: $45,000,000 Annual Payment: $12,076,970

Controlled or Uncontrolled: Controlled

Revenue Source for Property Tax Backup: N/A

Tax Rate Impact:	2006 AV	$39,076,218,596
	Levy Needed	$11,110,812
	Est. Tax Rate	.0284

Meeting and Publication Dates:
Date of publication for a public hearing 12/30/2005

Date of public hearing	01/26/2006
Resolution/Ordinance adopted	01/26/2006
Notice of Determination	02/03/2006

Auditor's Certificate of No Remonstrance: 03/07/2006

Common Construction Wage: Continuation from prior wage determination approved 05/06/2004

Fire Marshall's Approval: N/A

Missing Information: None

Attendance: Jeff Qualkinbush (Bond Counsel), Laura Johnson (CLSA of IMCPL), Colleen Obergfell (Project manager), Mike Coghlan (Project Manager), Linda Mielke (CEO of Library), Becky Dixon (CFO of Library), Colette Irwin-Knott (Financial Advisor), Ryan Usher (Financial Advisor), and Louie J. Mahern (President of the Board of Trustees).

Discussion:
Linda: I am the CEO for the Library (reading from prepared statement). We embarked on this project during the winter of 2001. The original cost was estimated to be $103 million for the expansion of the library. We had private contributions pledged of $43 million. We passed a second resolution to determine to start the project for $103 million plus the $43 million plus and additional $20 million to finish the project. In the fall of 2002, the Tax Board approved the issuance of bonds. We issued $35 million of those approved bonds in 2003. By December of 2003, we had completed all the major contracts to lock in expenditures. We issued an additional $8 million in December 2003 to cover the first six months of 2004. Serious issues were discovered when the concrete forms were removed. The project had to be stopped in order for repairs to be made. The renovation of the current building was able to continue, but the expansion and garage projects had to be stopped. In December of 2005 they issued the remaining bonds and hired a new construction manager. We instigated law suits against the contractor, the structural engineer and several others. The intent of the library board is to utilize any awards from a successful litigation to reduce the tax rate impact of issuing additional bonds. Only one person spoke out against the bonds and we received ten letters in opposition, but we have also received over eighty letters in favor of the project continuing. The Library Board is committed to issuing only the amount of bonds necessary to finish the projects; we cannot guarantee any successful litigation. The tax rate impact at the highest is 2.75 cents; most of the time, it averages to be about 2.6 cents. This tax rate will be in addition to any other tax rate the library may impose.

Questions from board members:
John: You have indicated that you have pending litigation – are there other litigations against you?
Linda: Yes, there have been county-suits filed for the remaining amount of the contracts.

John: Can you give us a summary of that litigation?
Linda: Lots of people are suing us, we just don't know for how much yet. We are suing the architect, DORE Construction, Shook Construction, other kinds of inspectors and all of them are suing us. We have not settled all of the delay claims, so we do not know the final amount that this is going to cost us. We have separated the cost of the delay claims from the actual construction funds. We wanted the private investors

to know that their money is continuing to be used for the construction of the projects, and not for delay, attorney fees or litigation claims.
Jeff Q.: None of these bonds will be used to pay any counter-claims or law suits.
Louie: Some of them are suing us for the remainder of the contract left when we fire them.
Jeff Q.: There will be additional costs of construction, increased engineering fees and repair costs, which is increasing the total construction costs.

Dan: The taxpayers are still exposed to the threat of additional litigation claims?
Jeff: The library has been harmed – no one is disputing that. The counter-suits have been filed in an effort to reduce the litigation or damage awarded. Our attorneys have said that the counter-suits will not be above the original $45 million. No amounts have been determined yet- no damages have been awarded.

Dave: The total cost has increased from $103 million to approximately $150 million – what are the contractors saying about the damage?
Linda: There is a lot of finger pointing; we are all in the discovery stage currently.
Louie: No one has alleged that the library is responsible.

Dan: Were there any significant change orders?
Linda: No, we actually were able to decrease the amount through value engineering.

Dan: Who would have approved any change orders?
Linda: The library board.

Dave: When is the estimated completion date?
Linda: We are looking to open in early 2008 – that is provided that we received approval for these bonds.

Ken: How confident in the new team are you that this is the final amount that is needed?
Answer: Pretty confident.

Ken: Do you have a contingency built in to this issue?
Linda: There was a $5 million contingency built in to the original issue and $2 million is left. This issue has a contingency of $1,340,000.

Dave: How locked in are you to the remaining expenses?
Linda: The biggest package left is for new furniture.
Answer: Three fourths of the delay claims have been fulfilled.

John: Has all of the $43 million in private investment been collected and applied to the project?
Linda: No pledged commitments have been withheld. We have received all the funds, but not all of them have been spent. They are being pro-rated on the original building and dispersed to the library on an as-needed basis.

John: On your website, it has listed an August 5th council meeting that denied your budget – can you explain why they did this?
Linda: We asked for an increase in the budget, and that is what was denied. 2005 legislation stipulated that for this library only, and none others in the state, the City County Council controlled the budget. When

it came time to issue the final $12 million from the original bond approval, they denied an increase in the budget because the debt service rate was increasing.

Dan: What is the increase in operating expenses when the new part is open?
Linda: We estimate a 25% to 30% increase over the present expenses in the interim building.

Dan: Where is the additional funding going to come from when the City County Council has denied any increase?
Linda: Since then, we have reduced the costs significantly; we have cut the workforce by two thirds, improved our technology to need less staffing, and have outsourced/privatized some functions.

Dave: How much dollars does that relate to?
Linda: We have saved $4 million since September 2004.
Louie: The 25% - 30% is above the interim building, not the total budget.

Lisa: You have cut $2 million in the budget since August 2005?
Linda: Yes and there will be an increase of $4 million when the new building is open.

Dave: You are looking at potential shortfall?
Linda: That is a possibility; it will continue to depend on litigation.

Dave: Will there be any facilities sold when the new building opens?
Linda: The Ambassador building, which is an historic apartment building that we own will be sold and also the interim building, which is being leased from the County, will be returned to the County. The lease is not much, but we had to make significant repairs in order to use it.

Ken: Does the City County Council have control over your library?
Answer: They have final approval on our operating budget only.

Dan: Did the City County Council approve this bond issue?
Answer: They are not required to because it would pull this into their 2% debt limitation.

Dan: Has any elected body approved this?
Answer: The library board is appointed.

Ken: When will you run out of funds?
Answer: In September of this year.
Jeff: The library has not been at their maximum for years. If the City County Council would approve a budget at the maximum, it would reduce the shortfall amount. They are the only library in the state that does not receive COIT.

Lisa: If we don't approve this, what are your options – wait until the litigation is settled?
Answer: That would cost us an additional $20 million in delay claims; litigation may not be settled for another five years. 2005 was the first year that a capital projects fund was approved. The Council then would not approve an increase in the tax rate; as a result, most of the capital projects money was put back into the general fund.

Jeff Q.: The public is in support of finishing the project even though it means a tax increase. This is evident by the fact that no objecting petitions were filed and there was no remonstrance.

Dan: Page 1 of the hearing information sheet indicates a $11.1 million levy with a tax rate of 2.6 cents; what is your total debt service?
Answer: At that point of time, it will be the only debt service outstanding.

John: There is a balloon payment shown – is this debt going to wrap around the current debt?
Answer: Yes, this bond term is sixteen years.

Dan: The tax rate impact of $2.00 – is that gross or after deductions?
Answer: It assumes a $100,000 home with a $35,000 homestead credit.

Dan: Page three has $770,000 in architectural fees – why do you need additional architectural fees? Hasn't that all been completed by now?
Answer: We still have to depend on the architect to attend meetings and for oversight of the designs – it is for construction administration.

Dan: Is that because of the scope of the project?
Jeff: Yes, this is now a $150 million project that will not be completed for another two years.
Linda: It is for the detail work.

Dave: How much was the original architectural fees?
Answer: Approximately $7 million.

Dan: What are the $541,000 construction management fees for – oversight also?
Answer: For overseeing forty plus contracts.

Dan: You also have a contingency of $3.5 million – don't you already know what the contingencies are?
Jeff: No, this is not uncommon. We need to have a five percent reserve until the doors open.

Dan: How much was the original contingency amount?
Collette: $3.75 million.

John: Before I make a motion, I would like to explain my reasoning for doing so. They are:

1. There was no remonstrance
2. This is a situation where no elected body had direct approval
3. The litigation is on-going and back and forth.

I would be willing to recommend a two-part approval. Approve $25 million now, a part A series and have them come back next year and hold another formal hearing for series B in the amount of $20 million for 2007. Would I be allowed to do that?
Answer: Not really; they would have to start all over again with their advertising, etc.

Dave: If we only approved $25 million, what would you do?
Linda: We would not be able to open the doors. We would have to come back and do it all over again.

Dave: Is there still private funds left? When will they be depleted?

Jeff: There is currently $35 - $37 million in a trust. It will be depleted in September 06.

Dave: Is there any left from the original bonds?
Answer: There is $4 million left in the bank.

John: With the exception of the last year – what is the rate impact of $45 million?
Answer: Six tenths of a cent.

Dan: Does the library have a capital budget?
Answer: Yes, we have already submitted this to the DLGF and it is included in the hearing information sheet. The DLGF also has a copy of our library capital projects plan.

Dave: Is the DLGF entitled to progress reports?
Jeff: We are required to provide a revised hearing information sheet to the DLGF once the bonds have been issued. This legislation became effective January 1st of this year.

Recommendation: Dan motioned to recommend tabling the issue until next month and request additional information to be submitted: specifically 1. a copy of the spokesperson's prepared presentation, and 2. more information on the current litigation. John seconded and motion failed 1-4-1 with Ken abstaining.
John motioned to recommend approval of the issuance of bonds in the amount of $45,000,000 for a term of twenty (20) years with the following statements: 1. His motion is made based on the fact that there was no formal remonstrance; 2. the tax rate is relatively modest; 3. the project is so far along, it needs to be finished, and 4. request that the library board pass a resolution to pledge the $45 million from a successful litigation to be applied to the debt service. Lisa seconded and the motion carried 4-1-1 with Dan opposing and Ken abstaining.